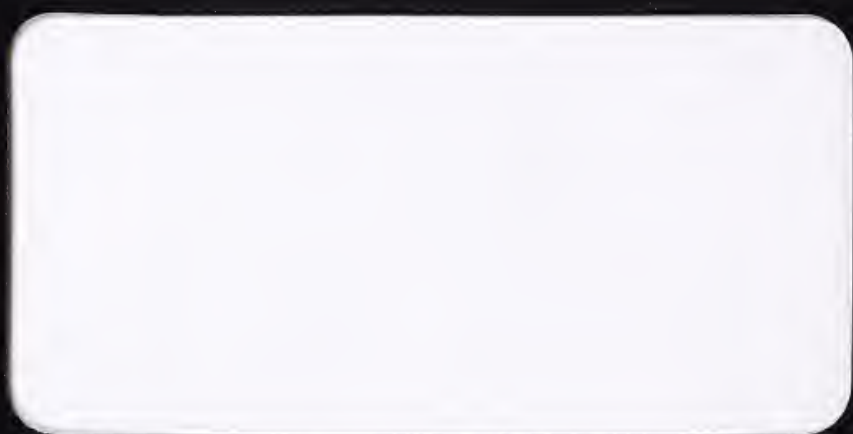


Outsourcing Opportunities
for Equipment Vendors

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Outsourcing Opportunities for Equipment Vendors

16 June 1993

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**Outsourcing Information Systems
Programme—Europe**
(OSP)

Outsourcing Opportunities for Equipment Vendors

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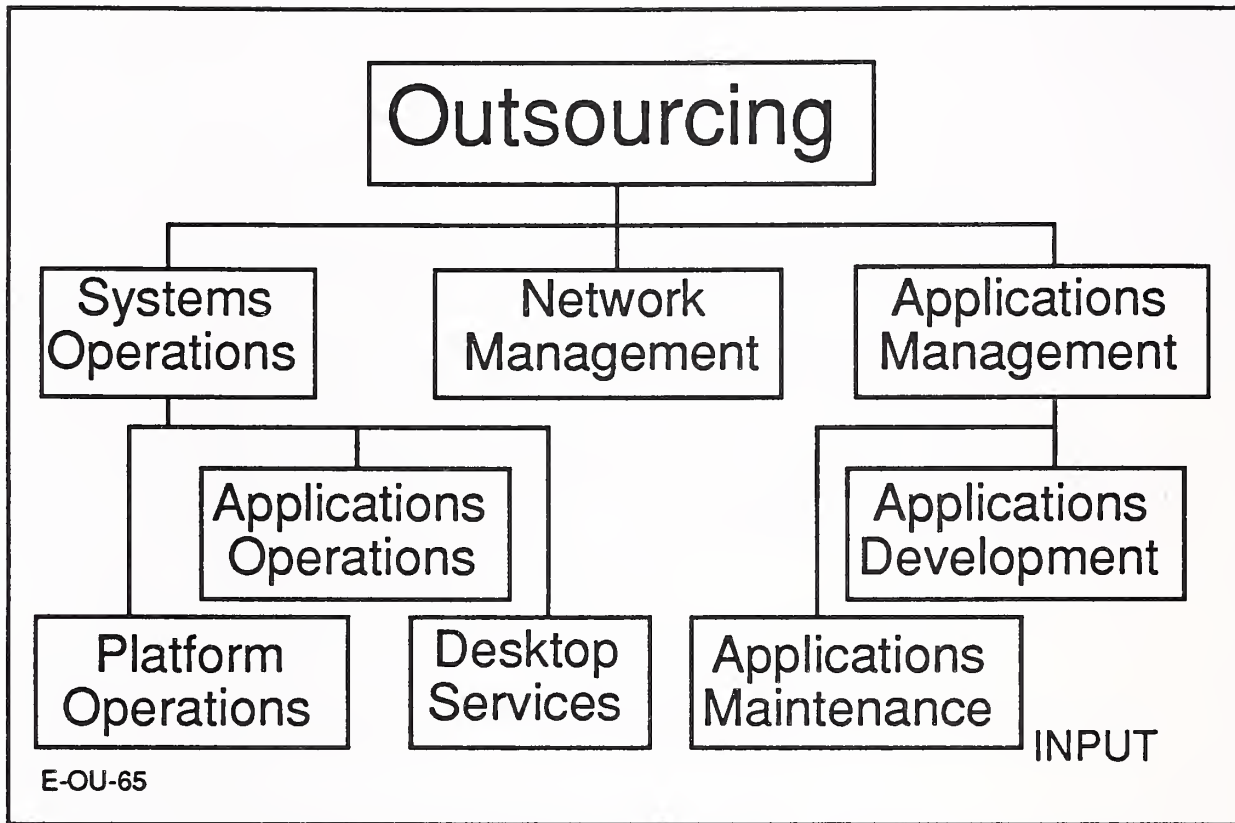
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Outsourcing Opportunities for Equipment Vendors

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Notes



Notes

Software and Services, Europe

Key User Demands

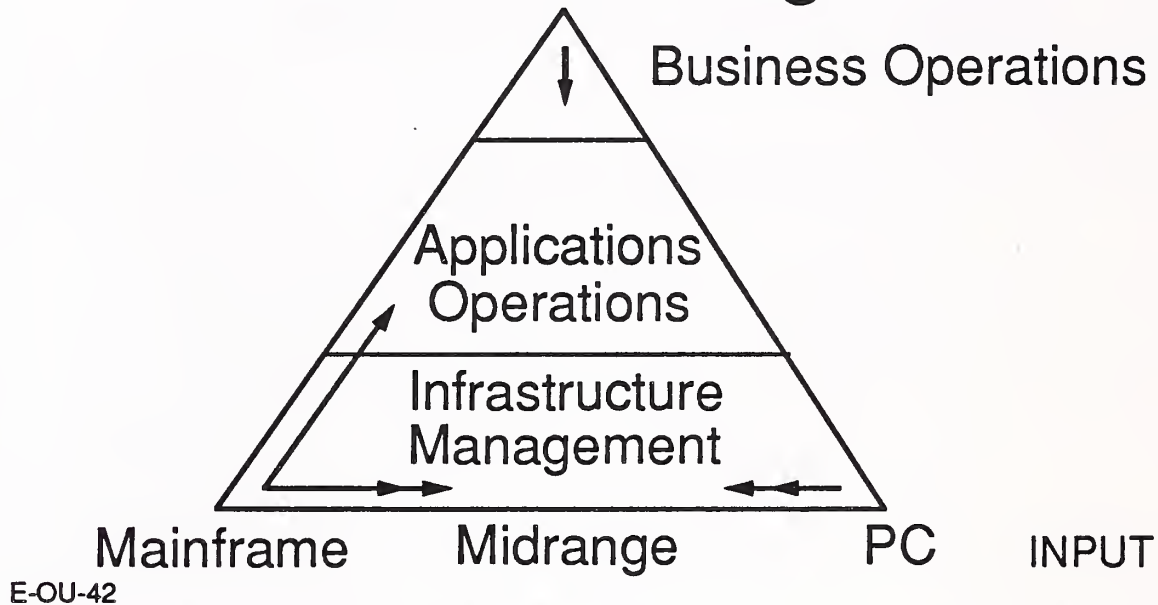
- Value for money
- Cost reduction
- Effectiveness

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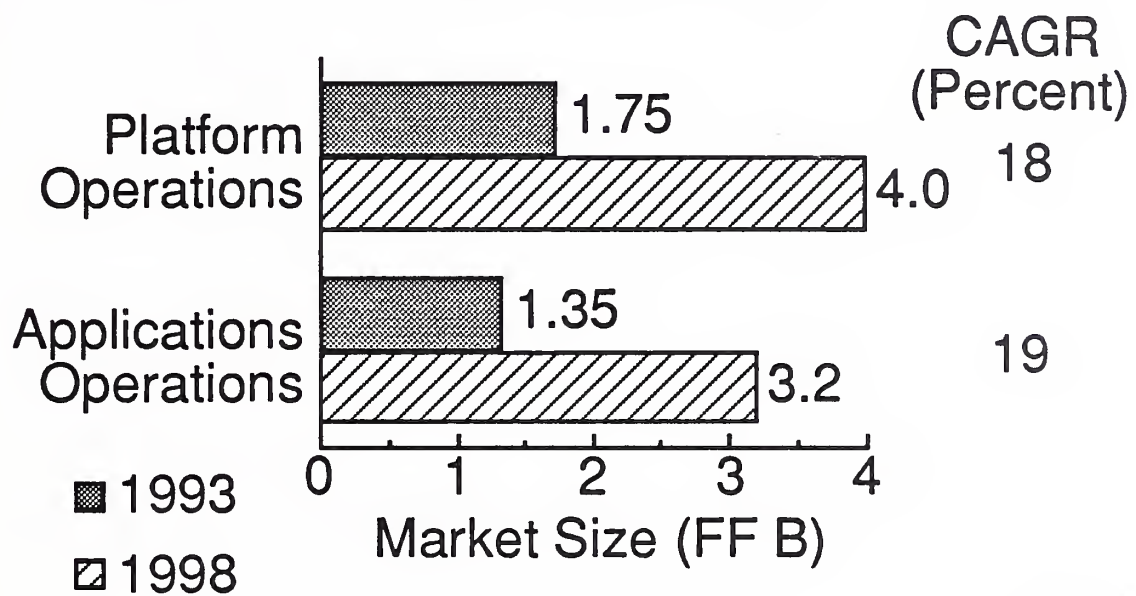
Notes

Evolution of European Outsourcing



Notes

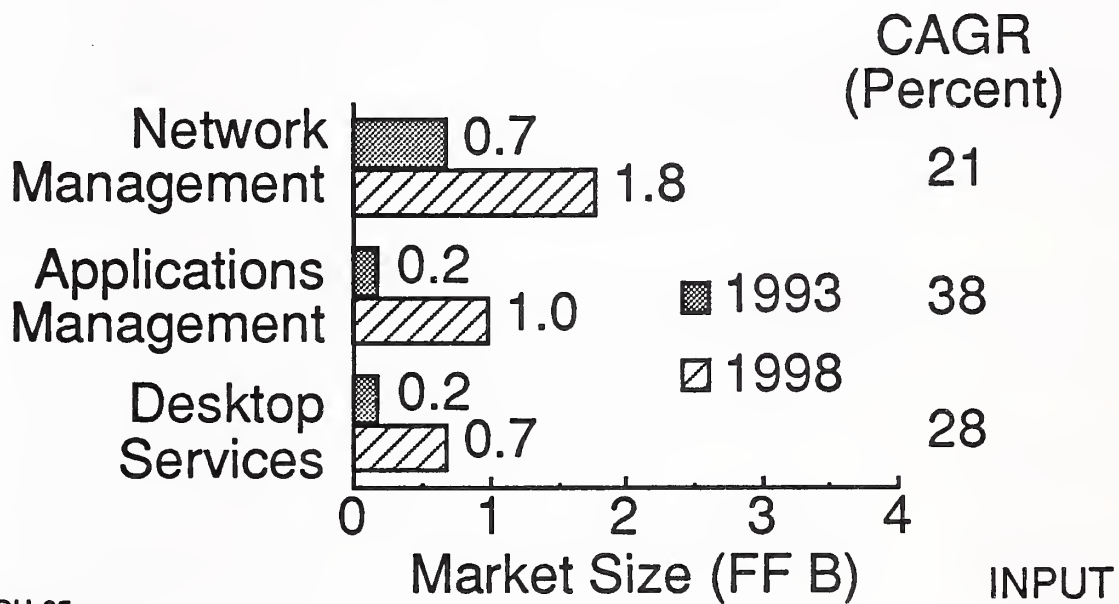
Outsourcing Market, France



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Notes

Outsourcing Market, France



E-OU-85

Notes

Outsourcing, Europe

Principal Reasons for Platform Operations

Factor	Degree of Imp.
Easier planning of IS costs	High
Complexity of technology	High
Difficulty in recruiting staff	Medium
Change in technology used	Medium

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Notes

Characteristics of Platform Operations Market

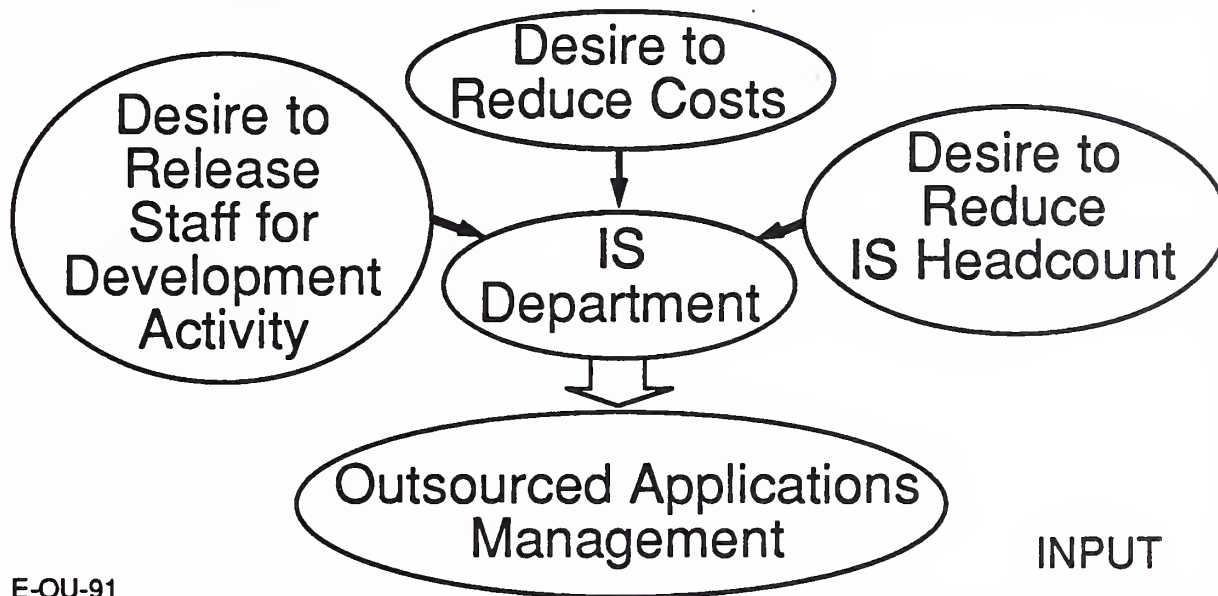
- Services are mainframe-based
- Low cost service provision essential
- Transition outsourcing a major component
- HP could target via partnership?

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Notes

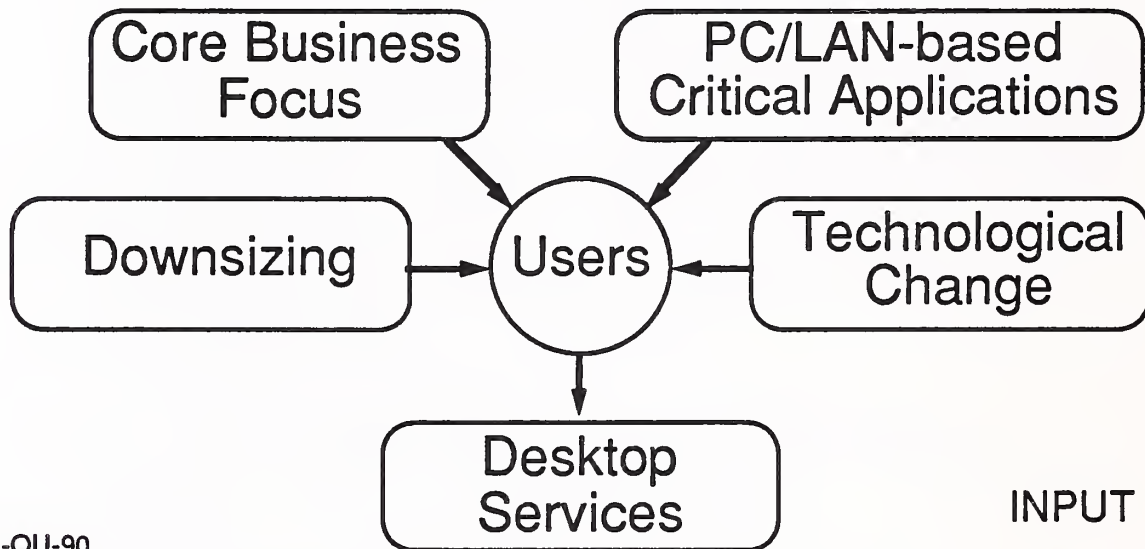
Driving Forces Applications Management, Europe



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Notes

Driving Forces Desktop Services, Europe



E-OU-90

Notes

Desktop Services, Europe

Degree of Outsourcing

Service Element	Relative Level of Outsourcing by Users
Purchasing Consultancy	Medium
Equipment Purchase	Medium
Equipment Maintenance	High

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Notes

Desktop Services, Europe

Degree of Outsourcing

Service Element	Relative Level of Outsourcing by Users
LAN/Equipment Installation	High
LAN Management	High

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Notes

Desktop Services, Europe

Degree of Outsourcing

Service Element	Relative Level of Outsourcing by Users
Help Desk Services	
- Systems Software	Medium-High
- Applications Software	Medium
Second-line Tech. Support	High

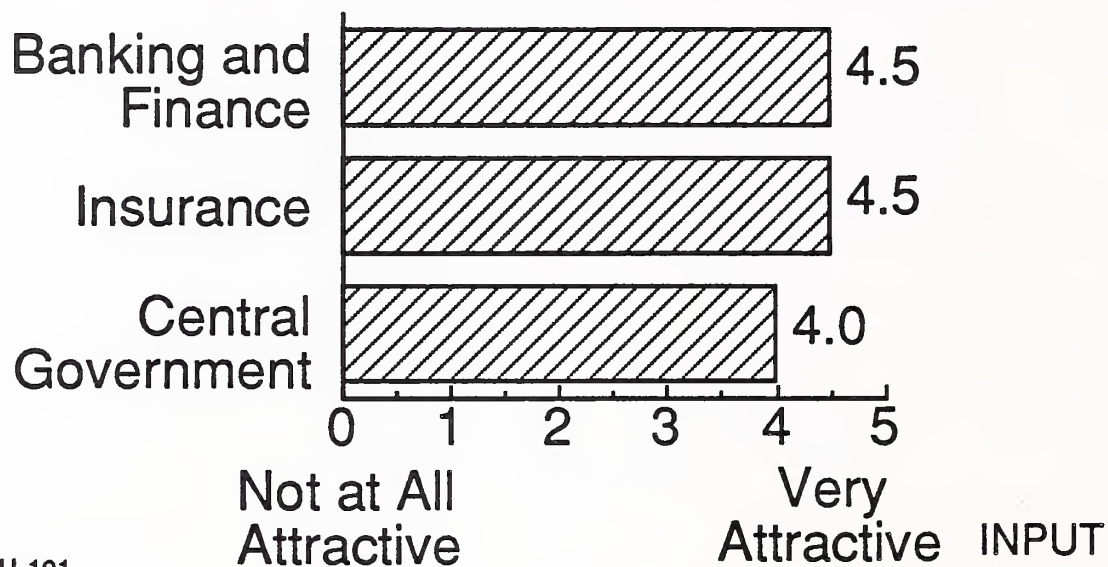
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Notes

Desktop Services, Europe

Attractiveness of Industry Sectors



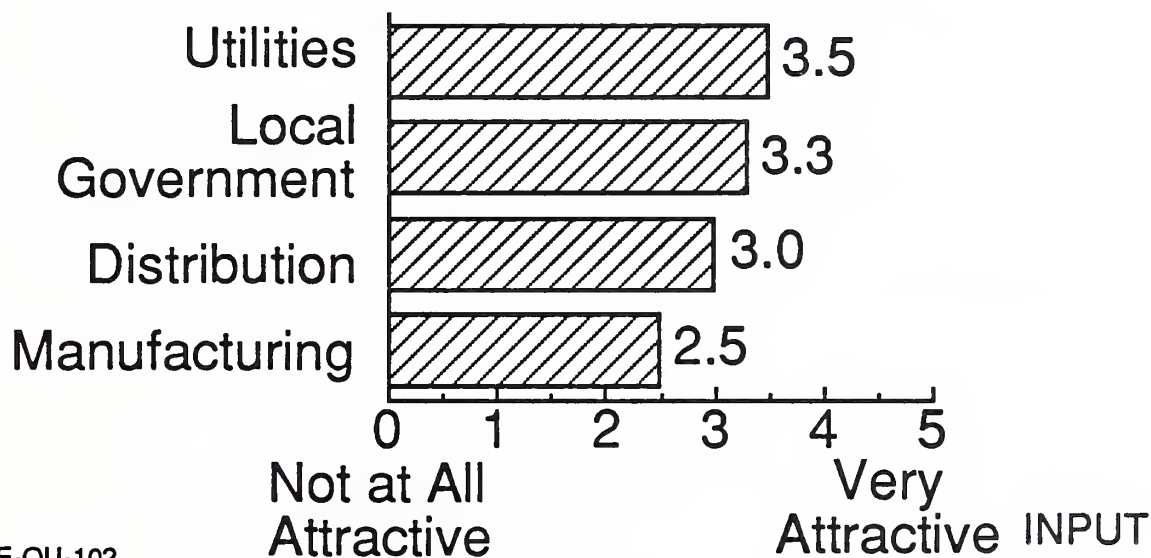
E-OU-101

Notes

Standard error = 0.3

Desktop Services, Europe

Attractiveness of Industry Sectors



E-OU-102

Notes

Standard error = 0.3

Desktop Services, Europe

Vendor Challenges

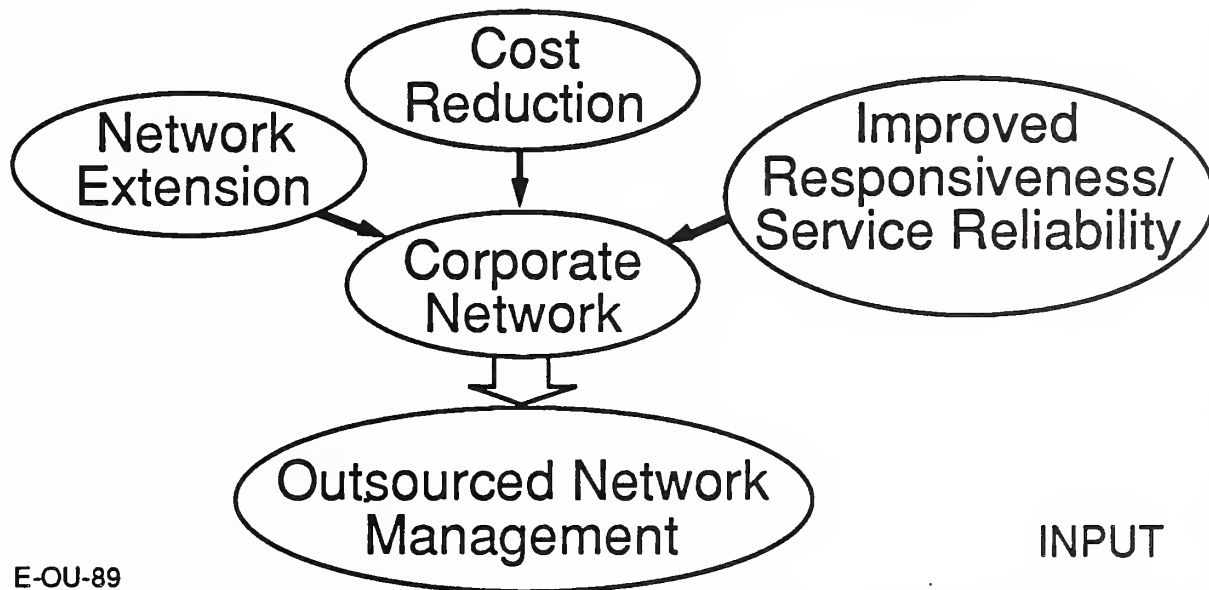
- Independence of supply
- Full service capability
- Breadth of software product support capability
- Up-to-date technical skills
- Pan-European coverage

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Notes

Network Management Outsourcing Drivers



Notes

Application Operations, Europe

Reasons for Adoption

Factor	Degree of Imp.
Making IS relate to business needs	High
Making IS more manageable	High
Easier planning of IS costs	High
Need to reduce IS costs	High

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Notes

Major Outsourcing Contracts, 1992-1993

Client	Vendor	Contract Value (\$M)	Number of Years
East Midlands Electricity	Perot Systems	600	12
Europcar	Perot Systems	400	10

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Notes

Major Outsourcing Contracts, 1992-1993

Client	Vendor	Contract Value (\$M)	Number of Years
BHS	CSC	200	11
Kooperativa Forbundet	EDS	≈1,000	10

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Notes

Systems Operations, Europe

Contract Length by Contract Type

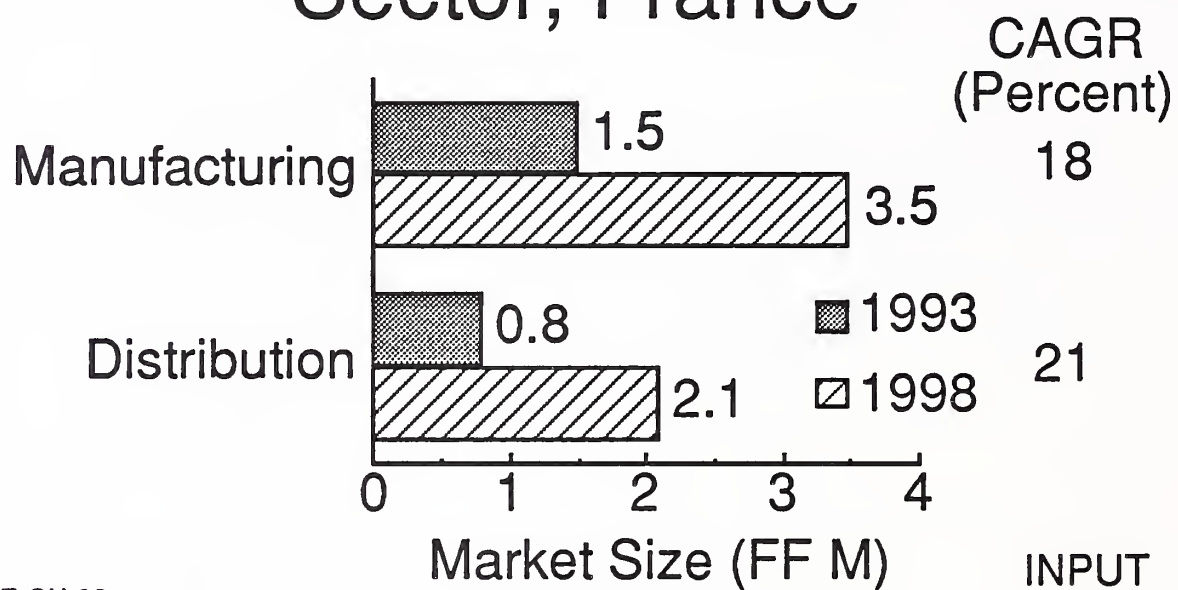
Contract Type	Avg. Contract Length (Years)
Platform Operations	3.5
- Transition Outsourcing	2.5
- Other Platform Operations	4.5
Applications Operations	5

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Notes

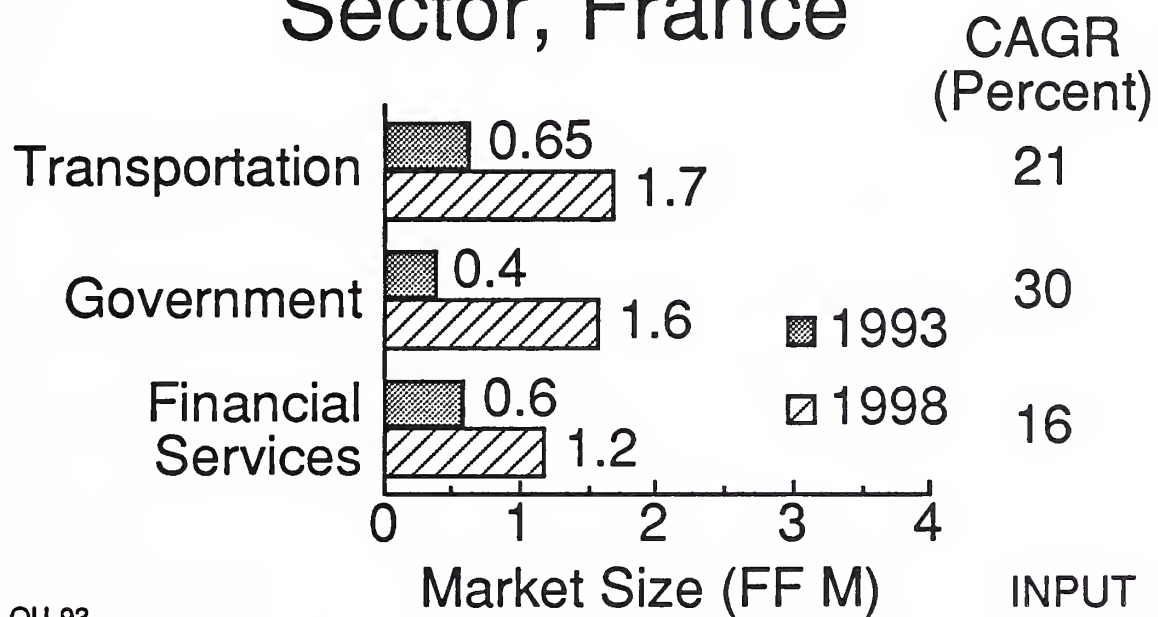
Outsourcing by Industry Sector, France



E-OU-92

Notes

Outsourcing by Industry Sector, France



E-OU-93

Notes

Leading Outsourcing Vendors France, 1992

Company	Est. Rev. (FF M)
EDS-GFI	750
GSI	350
Télésystèmes	280
IBM/Axone	240
CISI	200

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Notes

Conclusions

Segment	Comments
Platform Operations	Partnership may be desirable
Desktop Services (LAN Management)	A good prospect
Network Management	Partnership?

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Notes

Conclusions

Segment	Comments
Applications Management	No
Applications Operations	Target selected industries Partnership for mainframe operations

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Notes

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- The Worldwide Market (30 countries)

— EUROPEAN —

- Outsourcing
- Systems Integration
- Customer Services

— U.S. —

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